

Introduced by Senator Cox

February 20, 2007

An act to amend Sections 10202, 10202.8, and 10203.4 of the Insurance Code, relating to life insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 357, as introduced, Cox. Life insurance: group policies.

Existing law provides that group life insurance may be written under a policy covering not less than 10 persons.

This bill would provide that group life insurance may be written under a policy covering not less than 2 persons.

Existing law provides that the premium for group life insurance issued to an employer may be paid by the employer or the employer and employees jointly.

This bill would provide that the premium for group life insurance issued to an employer may be paid by the employee, employer, or the employer and employees jointly.

Existing law requires that 75% of eligible employees must participate in group life coverage if part of the premium is paid with eligible employee contributions.

This bill would delete that requirement.

Existing law provides that coverage for dependants may continue through 22 years of age if the dependant is attending an educational institution.

This bill would provide that coverage for dependants may continue through 24 years of age if the dependant is attending an educational institution.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 10202 of the Insurance Code is amended to read:

10202. Life insurance conforming to all the following conditions is one form of group life insurance:

(a) Written under a policy covering when issued not less than ~~10~~ *two* public or private employees.

(b) Written under a policy issued to the employer, the premium on which is to be paid by the employer, *by the employee*, or by the employer and employees jointly, and insuring either all of the employees or all of any class or classes thereof, determined by conditions pertaining to the employment; ~~provided, that if a policy is intended to insure several such classes it may be issued to insure any such class of which 75 percent are covered and extended to other classes as 75 percent thereof express the desire to be covered.~~

(c) For amounts of insurance based upon some plan which will preclude individual selection.

(d) For the benefit of persons other than the employer. That group insurance may be for the benefit of a trustee of a pension, welfare benefit plan, or trust established by an employer providing life, health, disability, retirement, or similar benefits to employees of the employer or its affiliates, and acting in a fiduciary capacity with respect to those employees, retired employees, or their dependents or beneficiaries, where the trustee has an insurable interest in the lives of the employees for whom those benefits are to be provided and where the employee has consented in writing to the coverage.

(e) When the premium is to be paid by the employer and employee jointly and the benefits of the policy are offered to all eligible employees, written under a policy insuring, when issued, not less than 75 percent of those employees.

(f) Terminating if, subsequent to issue, (1) the number of employees insured falls below ~~10~~ *two* lives or 75 percent of the number of employees eligible and, (2) the employee contributions, if the premiums for the insurance are on a renewable term insurance basis, exceed one dollar (\$1) per month per one thousand dollars (\$1,000) of insurance coverage plus an amount equal to any additional premium per one thousand dollars (\$1,000) of insurance coverage charged to cover one or more hazardous occupations.

1 That insurance may be issued either with or without medical
2 examinations.

3 SEC. 2. Section 10202.8 of the Insurance Code is amended to
4 read:

5 10202.8. A group life policy conforming to all the following
6 conditions may be issued to the trustees of a fund established by
7 employer members of a trade association, or by a trade association
8 maintained by contributions of such members for the sole benefit
9 of their employees or, by one employer, or by two or more
10 employers in the same industry, or by an association of employers
11 in the same industry, or by one or more labor unions, or by one or
12 more employers and one or more labor unions, or by an association
13 of employers and one or more labor unions, to insure employees
14 of the employers or members of the unions for the benefit of
15 persons other than the employers or the unions:

16 (a) The persons eligible for insurance shall be all of the
17 employees of the employers or all of the members of the unions,
18 or all of any class or classes thereof determined by conditions
19 pertaining to their employment, or to membership in the unions,
20 or to both. The policy may provide that the term “employees” shall
21 include retired employees, and the individual proprietor or partners
22 if any employer is an individual proprietor or a partnership. No
23 director of a corporate employer shall be eligible for insurance
24 under the policy unless such person is otherwise eligible as a bona
25 fide employee of the corporation by performing services other than
26 the usual duties of a director. No individual proprietor or partner
27 shall be eligible for insurance under the policy unless he is actively
28 engaged in and devotes a substantial part of his time to the conduct
29 of the business of the proprietor or partnership. The policy may
30 provide that the term “employees” shall include the trustees or
31 their employees, or both, if their duties are principally connected
32 with such trusteeship.

33 (b) The premium for the policy shall be paid by the trustees
34 either: (a) wholly from funds contributed by the employer or
35 employers of the insured persons, or by the union or unions, or by
36 both; or (b) partly from such funds and partly from funds
37 contributed by either all of the insured persons or by one or more
38 classes thereof, *or (c) wholly derived funds contributed by the*
39 *insured persons. No policy may be issued on which the entire*

1 premium is to be derived from funds contributed by the insured
2 persons specifically for their insurance.

3 A policy on which part of the premium is to be derived from
4 funds contributed by all of the insured persons may be placed in
5 force only if at least 75 percent of the then eligible employees of
6 any employer unit participating in the trust, or 75 percent of the
7 then eligible members of any participating union if no employer
8 unit is participating in the trust, elect to make the required
9 contributions. A policy on which no part of the premium is to be
10 derived from funds contributed by the insured persons must insure
11 all eligible persons. A policy on which part of the premium is to
12 be derived from funds contributed by one or more classes of
13 insured persons but not from all the insured persons, must insure
14 all eligible persons from whom no contributions are required and
15 must extend insurance to each class from whom contributions are
16 required when 75 percent of the then eligible persons of any such
17 class elect to make the required contributions. Any eligible person
18 as to whom evidence of individual insurability is not satisfactory
19 to the insurer shall be excluded.

20 (c) The policy must cover at the date of issue at least 50 persons.

21 (d) The amounts of insurance under the policy must be based
22 upon some plan precluding individual selection by the insured
23 persons or by the trustees, employers or unions.

24 Such

25 That insurance shall be issued with or without medical
26 examination. For the purpose of this section the word “industry”
27 shall include licensed professions, such as medicine, dentistry,
28 pharmacy, law and accountancy.

29 SEC. 3. Section 10203.4 of the Insurance Code is amended to
30 read:

31 10203.4. (a) Insurance under any group life insurance policy
32 issued pursuant to Sections 10202, 10202.8, 10203, 10203.1, and
33 10203.7 may, if 75 percent of the insured employees elect, be
34 extended to insure the dependents, or any class or classes thereof,
35 of each insured employee who so elects, in amounts in accordance
36 with some plan that precludes individual selection and that shall
37 not be in excess of 50 100 percent of the insurance on the life of
38 the insured employee.

39 (b) “Dependent” includes the member’s spouse and all
40 unmarried children from birth through 20 years of age, or through

1 ~~age 22~~ 24 years *of age* if the dependent child is attending an
2 educational institution, or a child 21 years of age or older who is
3 both incapable of self-sustaining employment by reason of mental
4 retardation or physical handicap and chiefly dependent upon the
5 employee for support and maintenance if proof of the incapacity
6 and dependency is furnished to the insurer by the employee within
7 31 days of the child's attainment of the limiting age and
8 subsequently as may be required by the insurer, but not more
9 frequently than annually after the two-year period following the
10 child's attainment of the limiting age.

11 (c) The premiums for the insurance on the dependents may be
12 paid by the employer, the employee, or the employer and the
13 employee jointly.